

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

#3726
R

March 3, 2011

TO: Internal File

THRU: Jim Smith, En Sci III, Permit Supervisor *DS 06/06/11*

FROM: Peter Hess, En Sci III, Incremental Bond Reduction *PHHm SAS*

RE: PHASE II & III BOND RELEASE 9TH EAST PORTAL AREA , Energy West Mining Company/PacifiCorp , Deer Creek Mine, C/015/018, Task ID # 3726

SUMMARY:

The Permittee submitted a Phase II and Phase III bond release application for the Deer Creek Mine Ninth East Portals on January 11, 2011.

Attachment 7 of the application states that the Permittee is not seeking an incremental dollar amount for these two phases. Therefore, the currently approved bond amount will remain in place.

TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

General

There is no bond reduction requested by this application.

Form of Bond

The bond held by the Division to ensure the reclamation of the Deer Creek Mine is a surety bond, issued by the Travelers Casualty and Surety Company of America. The Travelers has an A.M. Best rating of "A+", as of December 31, 2010.

Determination of Bond Amount

The amount of bond currently posted to ensure reclamation of the Deer Creek Mine is \$ 4,113,000.00. This amount **is not to be reduced** via an incremental bond reduction for the 9th East Portals.

Terms and Conditions for Liability Insurance

The current general liability insurance coverage remains in effect through August 28, 2011. The policy meets the requirements of R645-301-890.

Findings:

Task ID # 3726 application meets the requirements for bonding in the R645 Coal Mining Rules.

RECOMMENDATION:

Task ID # 3726 should be approved by the Division, as submitted.